M00F
Public Health Administration
Department of Health and Mental Hygiene

Operating Budget Data

($ in Thousands)

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change	% Change Prior Year
General Fund	$34,131	$34,750	$45,768	$11,018	31.7%
Contingent & Back of Bill Reductions	0	0	-44	-44	
Adjusted General Fund	**$34,131**	**$34,750**	**$45,724**	**$10,974**	**31.6%**
Special Fund	881	1,042	944	-99	-9.5%
Adjusted Special Fund	**$881**	**$1,042**	**$944**	**-$99**	**-9.5%**
Federal Fund	22,280	20,119	20,443	324	1.6%
Contingent & Back of Bill Reductions	0	0	-8	-8	
Adjusted Federal Fund	**$22,280**	**$20,119**	**$20,435**	**$316**	**1.6%**
Reimbursable Fund	929	624	801	176	28.3%
Adjusted Reimbursable Fund	**$929**	**$624**	**$801**	**$176**	**28.3%**
Adjusted Grand Total	**$58,221**	**$56,535**	**$67,903**	**$11,368**	**20.1%**

- There are three proposed deficiencies for fiscal 2013 to provide funds for the Office of Preparedness and Response. Additional funds are needed for public health emergency preparedness ($4,150,143); national bioterrorism hospital preparedness activities ($1,631,706); and the Centers for Disease Control and Prevention's data exchange system ($141,020).

- The fiscal 2013 allowance is increasing by $11.4 million, or 20.1%. However, after accounting for deficiency appropriations, the budget is actually increasing by only $5.5 million.

Note: Numbers may not sum to total due to rounding.

For further information contact: Erin K. McMullen Phone: (410) 946-5530

Personnel Data

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change
Regular Positions	389.90	395.90	395.90	0.00
Contractual FTEs	12.36	13.73	13.23	-0.50
Total Personnel	**402.26**	**409.63**	**409.13**	**-0.50**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	18.53	4.68%
Positions and Percentage Vacant as of 12/31/12	28.50	7.20%

- The fiscal 2014 allowance includes 0.5 fewer contractual full-time equivalent positions than the fiscal 2013 working appropriation.

- As of December 31, 2012, there were 28.5 vacant positions.

Analysis in Brief

Major Trends

Deputy Secretary for Public Health Services: The Deputy Secretary for Public Health Services has a goal to file 85% of birth certificates and 65% of death certificates with the Division of Vital Records within 72 hours of the time of birth or death. In fiscal 2012, the agency failed to reach either goal.

Office of the Chief Medical Examiner – Ratio of Cases Per Examiner: Since fiscal 2008, the ratio of cases per medical examiner has decreased by 12% from 281 cases per medical examiner, to 247 cases per medical examiner in fiscal 2012. This is below the National Association of Medical Examiners (NAME) recommended maximum of 250 cases per medical examiner. However, the agency failed to meet its goal to complete and forward autopsy reports to the State's Attorney's Office within 60 working days following an autopsy investigation. Furthermore, NAME accreditation standards require 90% of autopsy reports to be completed within 60 working days. In fiscal 2012, only 64% of autopsy reports were completed within this timeframe.

Office of Preparedness and Response Demonstrates Expertise in Public Health Preparedness: In fiscal 2012, 98% of staff at local health departments received the required public health emergency response training, and 100% of local health departments completed preparedness-related operational plans. Furthermore, Maryland scored a 100% on the Center for Disease Control and Prevention's State Technical Assistance Review.

Laboratories Administration – Newborn Screenings Comprise a Vast Majority of Tests: Newborn screenings account for 92% of the tests conducted by the Laboratories Administration but require only 14% of the staff. The remaining 8% of tests are split between environmental, molecular, virology, immunology, and microbiology tests. Furthermore, the accuracy evaluation of the laboratory tests was met in all four testing areas.

Laboratories Administration – Changes at the Division of Drug Control: The Division of Drug Control has been able to increase the number of controlled dangerous substance inspections it performs from 180 in fiscal 2007, to 687 in fiscal 2012. However, this represents a 22% decline over the fiscal 2011 level of 883 inspections.

Issues

Public Health Preparedness: In a national assessment of public health preparedness, Maryland received 8 out of 10 possible points.

Recommended Actions

1. Concur with Governor's allowance.

M00F
Public Health Administration
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

The Department of Health and Mental Hygiene's (DHMH) Public Health Administration budget analysis includes the following offices within the department:

- Deputy Secretary for Public Health Services;
- Office of the Chief Medical Examiner;
- Office of Preparedness and Response; and
- Laboratories Administration.

The **Deputy Secretary for Public Health Services** is responsible for policy formulation and program implementation affecting the health of Maryland's citizens through the actions and interventions of various public health administrations and offices within the department. The Deputy Secretary for Public Health Services' mission is to improve the health status of individuals, families, and communities through prevention, early intervention, surveillance, and treatment.

The mission of the **Office of the Chief Medical Examiner** (OCME) is to:

- provide competent, professional, thorough, and objective death investigations in cases mandated in Maryland statute that assist State's Attorneys, courts, law enforcement agencies, and families;
- strengthen partnerships between federal, State, and local governments through training and education of health, legal, and law enforcement professionals;
- support research programs directed at increasing knowledge of pathology of disease; and
- protect and promote the health of the public by assisting in the development of programs to prevent injury and death.

The **Office of Preparedness and Response** (OPR) oversees programs focused on enhancing the public health preparedness activities for the State and local jurisdictions. The key aspects of the work conducted under the leadership of OPR are interagency collaboration and preparedness for public health emergencies. The projects in OPR are federally funded through (1) the Centers for Disease Control and Prevention's (CDC) Public Health Preparedness and Response for Bioterrorism Grant; (2) the CDC Cities Readiness Initiative; and (3) the Department of Health and Human Services' (HHS) National Bioterrorism Hospital Preparedness Program.

The mission of the **Laboratories Administration** is to promote, protect, and preserve the health of the people of Maryland from the consequences of communicable diseases, environmental factors, and unsafe consumer products through the following measures:

- adopting scientific technology to improve the quality and reliability of laboratory practice in the areas of public health and environmental protection;
- expanding newborn hereditary disorder screening;
- maintaining laboratory emergency preparedness efforts; and
- promoting quality and reliability of laboratory data in support of public health and environmental programs.

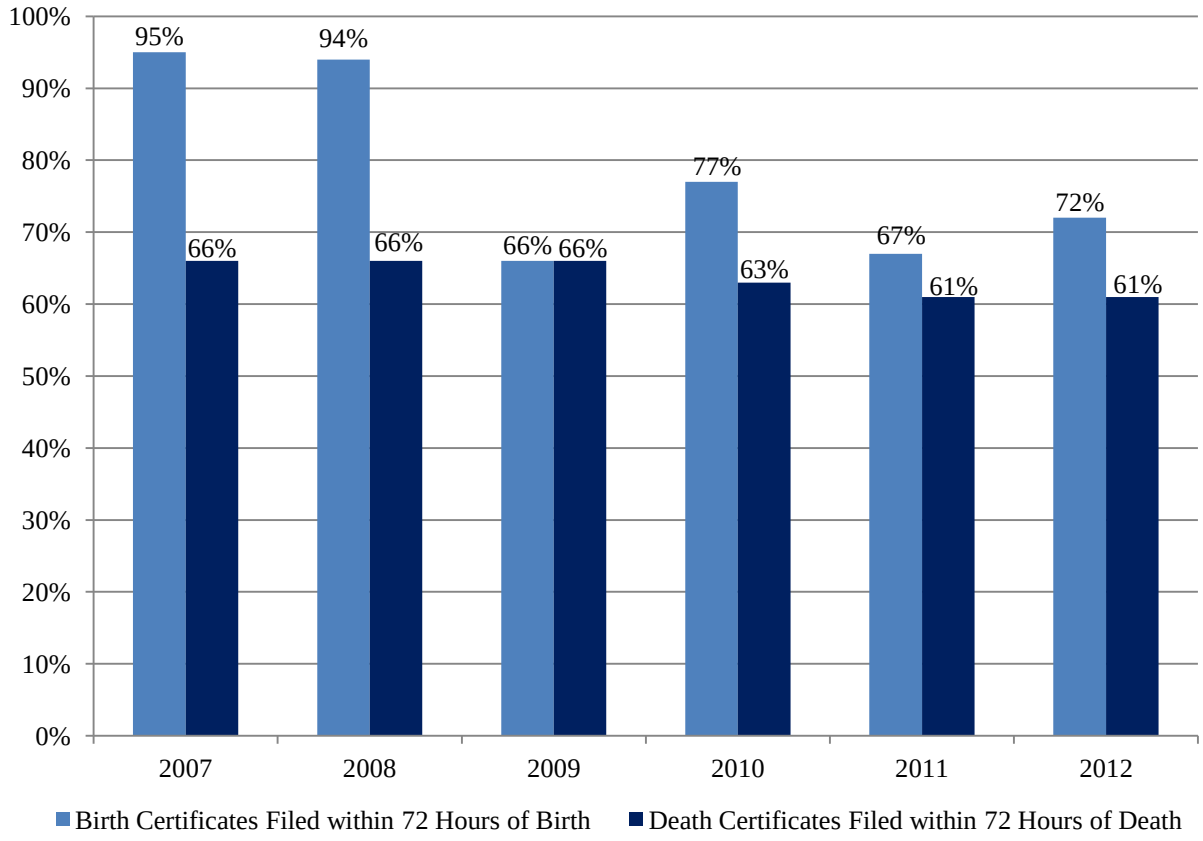
DHMH has regional laboratories in Salisbury and Cumberland, in addition to the central laboratory in Baltimore.

Performance Analysis: Managing for Results

1. Deputy Secretary for Public Health Services

The Deputy Secretary for Public Health Services has a goal to file 85% of birth certificates and 65% of death certificates with the Division of Vital Records within 72 hours of the time of birth or death. As shown in **Exhibit 1**, the percentage of birth certificates filed within 72 hours of birth was 72% in fiscal 2012, which reflects a 7% increase over the fiscal 2011 level. However, this compares poorly to the reported fiscal 2007 and 2008 data when filings took place within 72 hours at a much higher rate. It is important to note that data prior to 2010 reflects adjustments to account for mailing time and the fact that the Division of Vital Records is closed on weekends and holidays. Data from calendar 2010 to 2012 reflects the move to an Electronic Vital Records System (EVRS), which does not include such adjustments. Death records, which remain a paper process given the decision not to immediately move ahead with the next phase of the EVRS, continue to reflect a 72-hour period that includes an allowance for time when the division is closed.

Exhibit 1
Percentage of Birth and Death Certificates Filed with the Division of Vital Records within 72 Hours
Fiscal 2007-2012



Source: Department of Health and Mental Hygiene

2. Office of the Chief Medical Examiner – Ratio of Cases Per Examiner

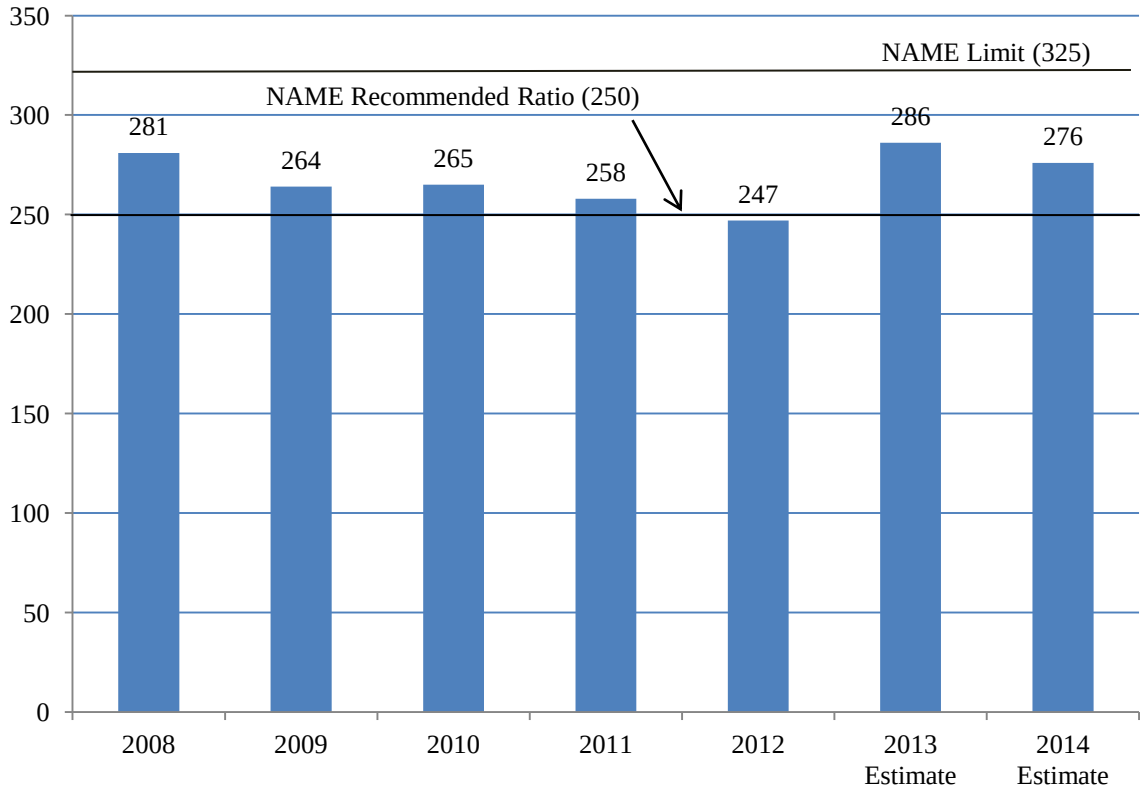
OCME is required to investigate all violent or suspicious deaths, including all deaths unattended by a physician. If the cause of death cannot be established during the initial investigation, a pathologist must perform an autopsy on the deceased.

In fiscal 2007, OCME changed reporting techniques to better reflect the caseload facing pathologists. The agency reports not only the number of autopsies performed but also the total number of cases presented for investigation. Not every death that is presented for investigation will be autopsied, but the agency reports the total number presented for investigation as it adds to the

office's caseload. This change was precipitated by a change in the allowable caseload as identified by the National Association of Medical Examiners (NAME), which now includes external examinations in the total number of allowable autopsies per examiner.

Exhibit 2 shows the caseload per examiner, as well as the NAME limit of 325 and the NAME recommended maximum of 250 cases per examiner. The number of medical examiners allocated to the office increased from 13.5 to 15.6 between fiscal 2006 and 2009, causing the ratio of cases per examiner to drop significantly. Further, the total number of investigations dropped in fiscal 2009, leading to another reduction in the ratio of cases per examiner. Although the ratio of cases per examiner was relatively stable from fiscal 2009 to 2011, the agency believed this ratio would increase in fiscal 2012 due to the elimination of 0.6 medical examiners. However, due to a decline in the total deaths investigated in fiscal 2012, this ratio declined to 247 cases per medical examiner. While this is below the NAME recommended limit, OCME advises that the actual caseload for examiners is above the limit since 0.5 medical examiner positions are currently vacant.

Exhibit 2
Cases Per Medical Examiner
Fiscal 2008-2014

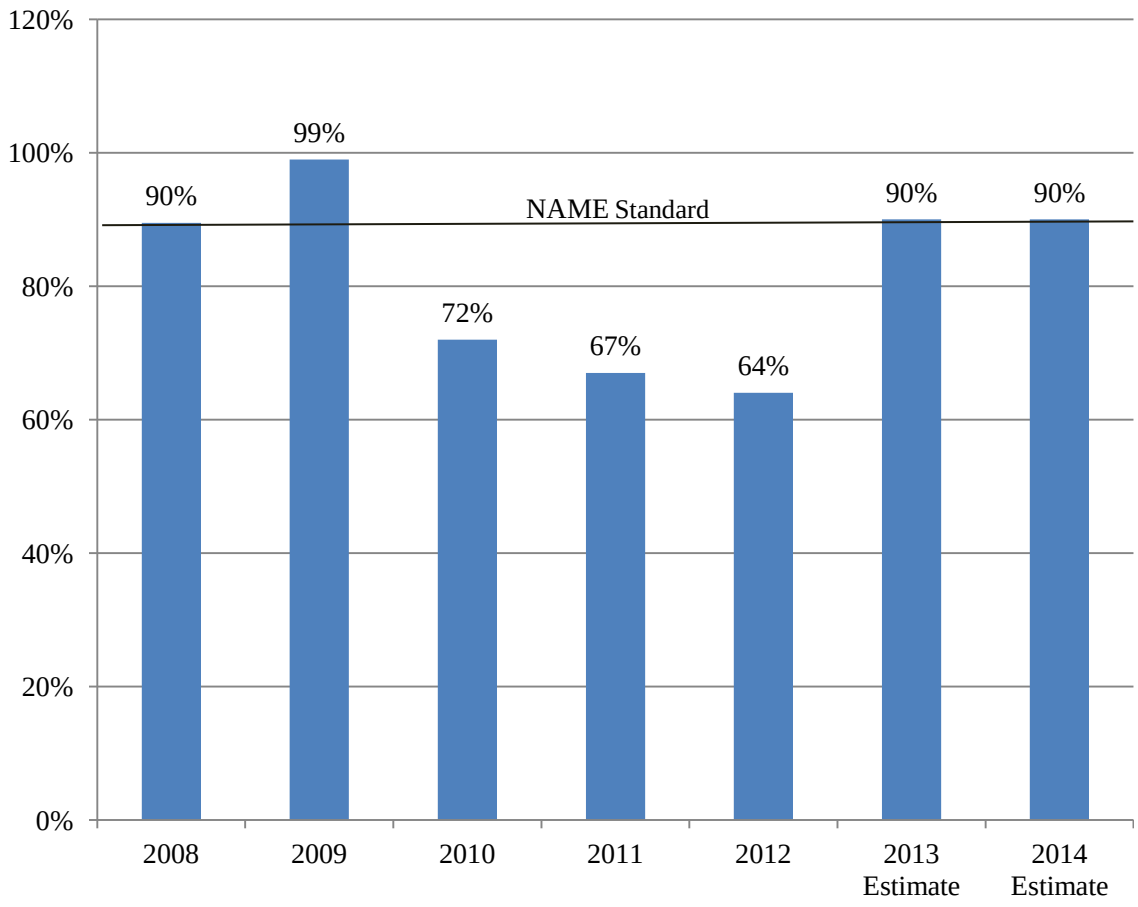


NAME: National Association of Medical Examiners

Source: Department of Health and Mental Hygiene

Another goal of OCME is to complete and forward autopsy reports to the State's Attorney's Office within 60 working days following an investigation. NAME accreditation standards require 90% of all cases to be completed within 60 working days and 100% of cases to be completed in 90 working days. **Exhibit 3** shows the percent of autopsy reports completed within 60 days and forwarded to the State's Attorney's Office.

Exhibit 3
Autopsies Reported within 60 Days
Fiscal 2008-2014



NAME: National Association of Medical Examiners

Source: Department of Health and Mental Hygiene

The addition of a new office secretary in fiscal 2008 helped the agency approach the goal of 90% of cases completed within 60 days, and in fiscal 2009, the agency exceeded this goal by completing 99% of cases within 60 days. However, OCME fell short of this goal in fiscal 2011, as only 67% of autopsy reports were completed within 60 days. The office attributes this failure to insufficient transcription support, as OCME lost 2 office secretaries – 1 through the Voluntary Separation Program, and 1 to retirement. The agency replaced 1 secretary position in fiscal 2012; however, meeting the 90% goal was still not possible. Subsequently, in fiscal 2012, only 64% of autopsy reports were completed within 60 days.

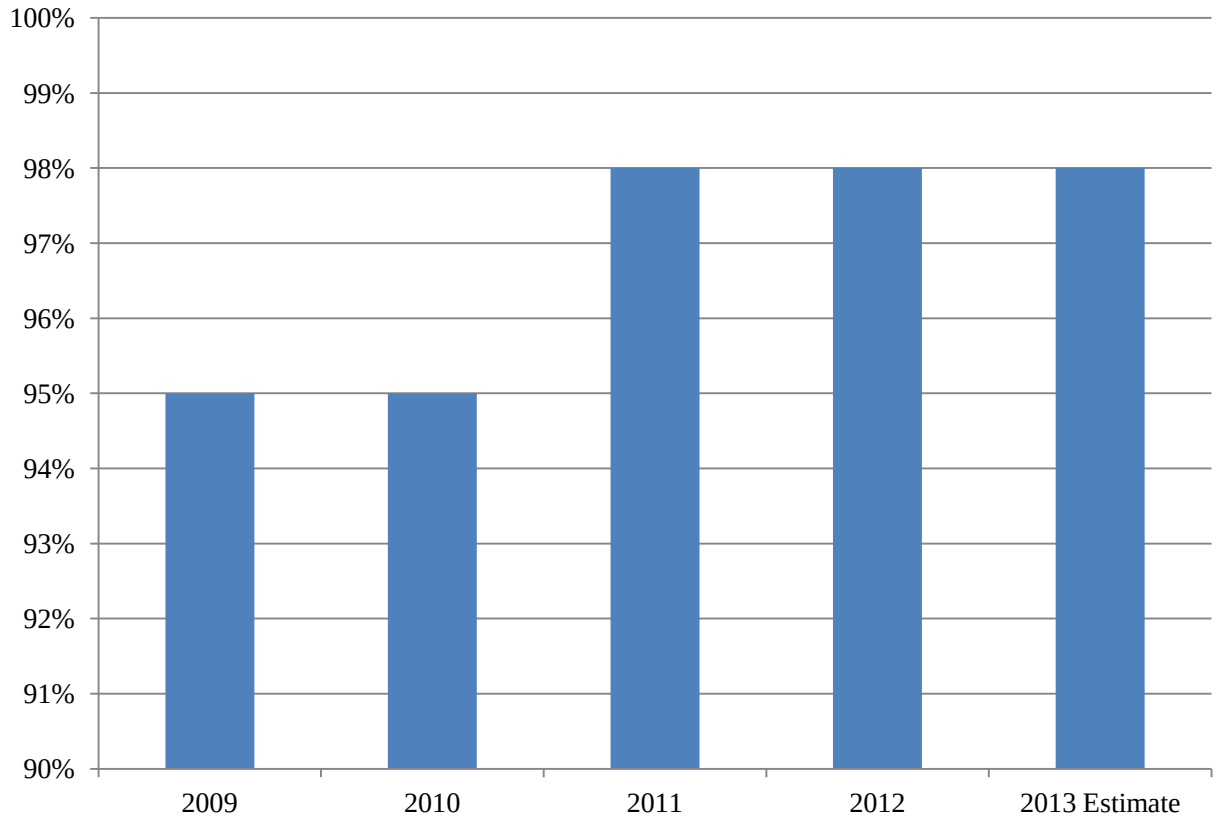
During a NAME inspection, facilities are judged against two standards – Phase I and Phase II. Phase I standards are not considered by NAME to be absolutely essential requirements; violations in these areas will not directly or seriously affect the quality of work or significantly endanger the welfare of the public or staff. Phase II standards are considered by NAME to be essential requirements; violations in these areas may seriously impact the quality of work and adversely affect the health and safety of the public or staff. Moreover, to maintain full accreditation, an office may have no more than 15 Phase I violations and no Phase II violations. Provisional accreditation may also be awarded for a 12-month period if an office is found to have fewer than 25 Phase I violations and fewer than 5 Phase II violations. If awarded provisional accreditation, an office must address deficiencies that prevented them from achieving full accreditation.

Currently, it is a Phase I violation if all cases are not completed within 60 days of examination, and it is a Phase II violation if all cases are not completed within 90 days. Based on the agency's performance in fiscal 2012 and recent staffing reductions, OCME would be at risk to lose its NAME accreditation. However, the agency received an additional 5 positions in the fiscal 2013 budget to address this concern. Moreover, OCME advises that over 90% of cases are being completed within 90 days. **The agency should advise the committees on its efforts to fill the 5 positions that were included in the fiscal 2013 budget. Furthermore, the agency should comment on actions being taken to obtain full accreditation.**

3. Office of Preparedness and Response Demonstrates Expertise in Public Health Preparednesss

OPR strives to maintain and improve the technical expertise in public health preparedness and emergency response by providing local health departments (LHD) staff with relevant state-of-the-art training and continuous education opportunities. OPR works closely with CDC and other federal agencies, as well as local colleges and universities, to develop training to enhance the skills of the public health workforce responsible for responding to public health emergencies. **Exhibit 4** shows that 98% of staff received the required public health and emergency response trainings in fiscal 2012. Moreover, through OPR's assistance, LHDs develop and implement preparedness plans and programs to address current and emerging public health threats. In fiscal 2012, 100% of LHDs completed and exercised preparedness-related operation plans.

Exhibit 4
Percentage of LHD Staff with Public Health and Emergency Response Training
Fiscal 2009-2013

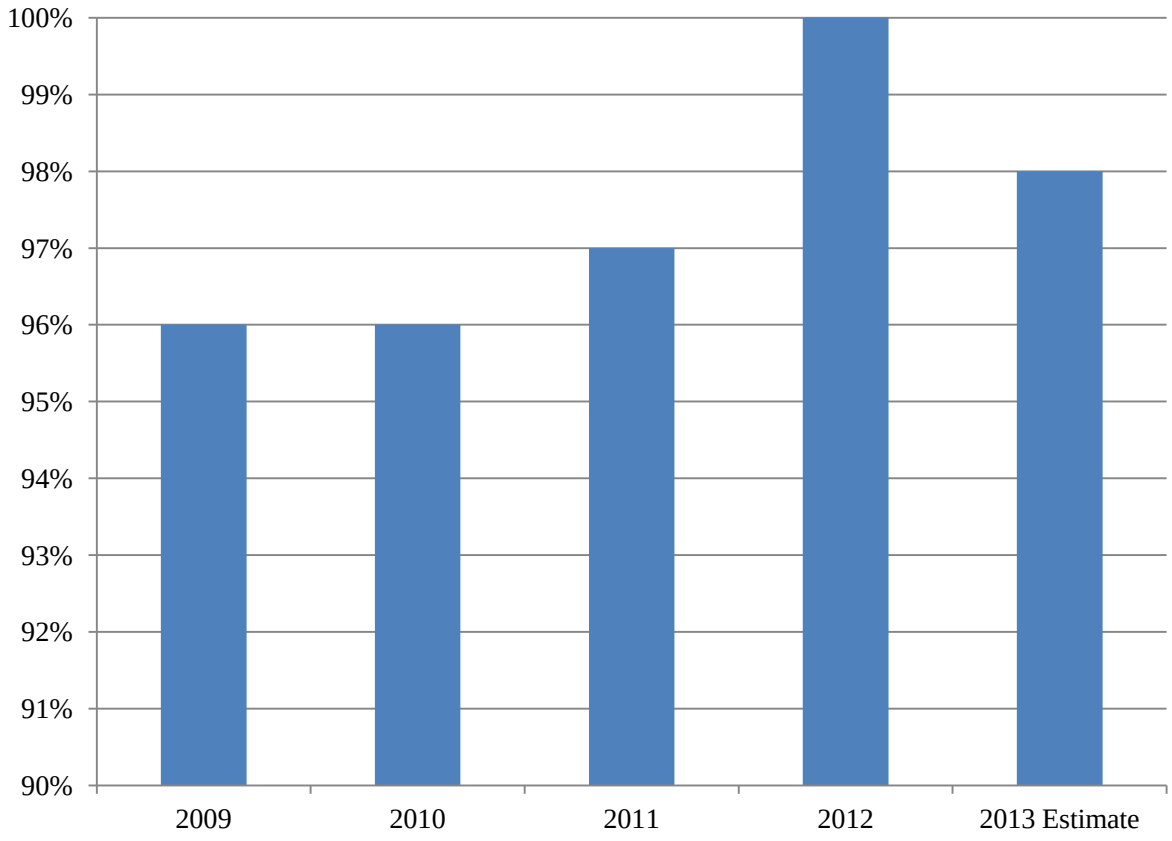


LHD: Local Health Department

Source: Department of Health and Mental Hygiene

All states and localities funded by the CDC's Public Health Emergency Preparedness cooperative agreement have plans for receiving, distributing, and dispensing assets from CDC's Strategic National Stockpile. Assets include large quantities of medicine, vaccines, and medical supplies to supplement state and local public health agencies in a large scale public health emergency. To ensure continued readiness, CDC conducts annual Technical Assistance Reviews (TAR) of state plans. Areas of assessment for TAR focus on key elements that are regarded as either critical or important planning steps within a variety of functions. **Exhibit 5** shows Maryland's TAR scores from 2009 to 2013. In 2012 Maryland received an overall score of 100%. Maryland's public health preparedness efforts are discussed in greater detail in the Issues section of this document.

Exhibit 5
Technical Assistance Review Scores
Calendar 2009-2013

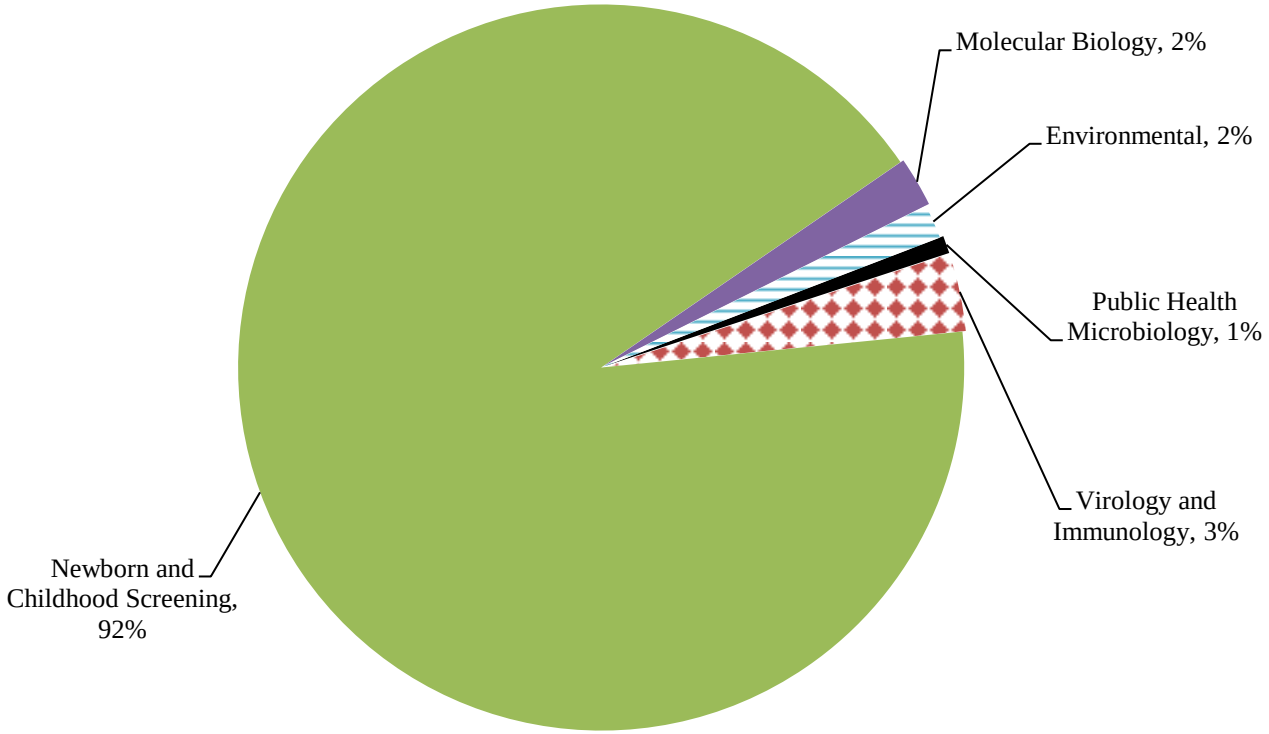


Source: Department of Health and Mental Hygiene, Centers for Disease Control

4. Laboratories Administration – Newborn Screenings Comprise a Vast Majority of Tests

Exhibit 6 shows that newborn and childhood screenings account for 92% of the 10.2 million tests conducted by the Laboratories Administration in fiscal 2012, while the remaining 8% of tests are split among environmental, molecular, virology, immunology, and microbiology tests. However, the Newborn and Childhood Screening Division employs only about 14% of the employees within the Laboratories Administration because the tests are heavily automated. Since the other tests are more time consuming and labor intensive, the other divisions of the Laboratories Administration require more staff.

Exhibit 6
Proportion of Laboratory Tests by Type
Fiscal 2012



Source: Department of Health and Mental Hygiene

Proficiency testing of the Laboratories Administration's work demonstrates the administration's commitment to accuracy. Tests are conducted three or four times a year. Samples are sent to each division from the appropriate federal or oversight agency, including CDC, the Food and Drug Administration, and the National Voluntary Laboratory Accreditation Program. These samples are tested, and the results are then verified for accuracy. **Exhibit 7** shows that in fiscal 2012, the Laboratories Administration surpassed the stated goal in all four categories of testing.

Exhibit 7
Accuracy in Proficiency Testing
Fiscal 2007-2012

	2007	2008	2009	2010	2011	2012	Goal
Infectious Bacterial Testing	100%	99%	98%	99%	97%	100%	98%
Viral Disease Testing	98%	100%	100%	98%	100%	99%	98%
Newborn Screening	100%	100%	100%	100%	99%	100%	98%
Environmental Testing	97%	97%	91%	92%	97%	96%	95%

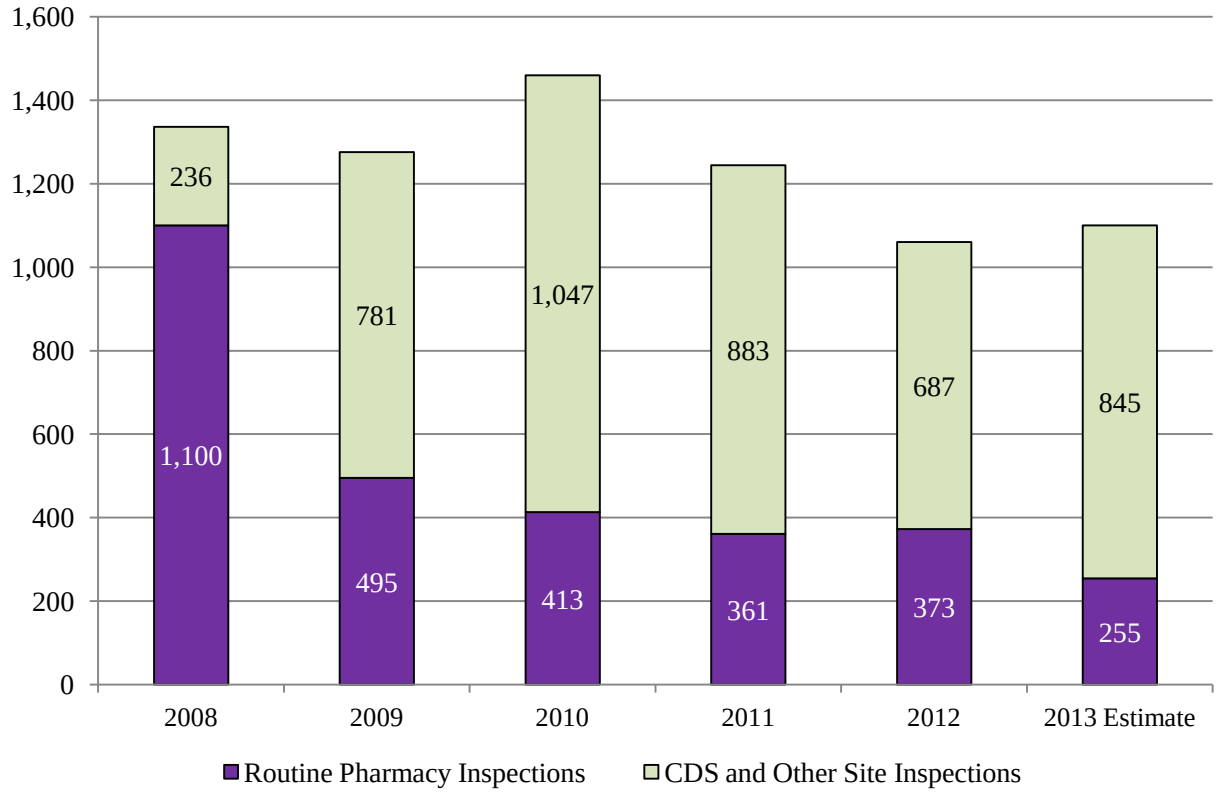
Source: Department of Health and Mental Hygiene

5. Laboratories Administration – Changes at the Division of Drug Control

The Division of Drug Control registers practitioners and establishments to legally manufacture, distribute, dispense, or otherwise handle controlled dangerous substances (CDS) in Maryland. The federal Controlled Substances Act of 1970 (CSA) authorizes federal regulation of the manufacture, importation, possession, and distribution of certain drugs. Under CSA, various drugs are listed on Schedules I through V and generally involve drugs that have a high potential for abuse. Schedule I drugs have no acceptable medical use in the United States, and prescriptions may not be written for these substances. Morphine and amphetamines (such as Adderall) are examples of Schedule II drugs; anabolic steroids and hydrocodone are examples of Schedule III drugs; and benzodiazepines (such as Valium or Xanax) are Schedule IV drugs. Schedule V drugs include cough suppressants containing small amounts of codeine and the prescription drug Lyrica, an anticonvulsant and pain modulator. The number of CDS permits processed by the Division of Drug Control has slightly increased from 17,346 in fiscal 2007 to 17,996 in fiscal 2012.

Exhibit 8 shows the number of CDS inspections for pharmacies and nonpharmacy sites. In fiscal 2009, the Board of Pharmacy assumed the responsibility for conducting routine annual inspections of pharmacies, which freed the Division of Drug Control to focus on other responsibilities, such as inspecting dispensing practitioners and auditing methadone programs and long-term care and assisted living facilities that possess CDS; however, the division still conducts closing inspections of pharmacies, as well as CDS inspections of pharmacies. Pharmacies are required to perform an internal audit of their CDS inventory annually. When performing an inspection, the Board of Pharmacy documents the date of the most recent internal CDS audit and forwards the audit date to the Division of Drug Control. This allows the Division of Drug Control to set priorities for follow-up on CDS inspections of pharmacies. The work of the Board of Pharmacy

Exhibit 8
Division of Drug Control Inspections
Fiscal 2008-2013



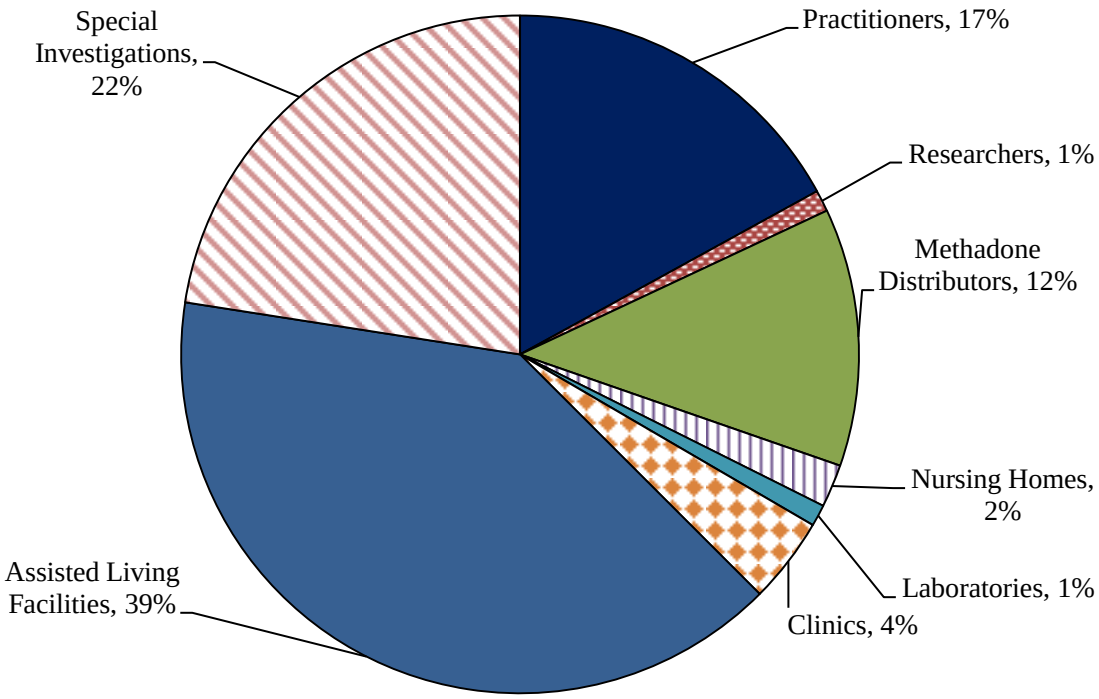
CDS: Controlled Dangerous Substance

Source: Department of Health and Mental Hygiene

has allowed the Division of Drug Control to dramatically increase the number of CDS inspections it performs annually for nonpharmacy entities, from 180 in fiscal 2007 to 687 in fiscal 2012.

Exhibit 9 shows that assisted living facilities accounted for 39% of the 687 nonpharmacy inspections conducted in fiscal 2012. Furthermore, practitioners (physicians, podiatrists, and dentists) accounted for only 17% of nonpharmacy inspections. This represents a 62% decline over the fiscal 2011 level. According to the respective health occupations boards, nearly 1,500 dispensing permits are held by nonpharmacist practitioners in Maryland, including approximately 1,442 physicians, 52 dentists, and 21 podiatrists. However, there are additional funds budgeted in fiscal 2014 to support the divisions's inspections of dispensing practitioners. The remaining 44% of inspections are split between special investigations (22%), methadone distributors (12%), clinics (4%), nursing homes (2%), laboratories (1%) and researchers (1%).

Exhibit 9
Nonpharmacy CDS Inspections
Fiscal 2012



CDS: Controlled Dangerous Substance

Source: Department of Health and Mental Hygiene

Fiscal 2013 Actions

Proposed Deficiency

There are three proposed deficiencies for fiscal 2013 to provide federal funds for the Office of Preparedness and Response. Additional funds are needed for public health emergency preparedness ($4,150,143); national bioterrorism hospital preparedness activities ($1,631,706); and the CDC's data exchange system ($141,020).

Proposed Budget

As shown in **Exhibit 10**, the Public Health Administration fiscal 2014 allowance is $11.4 million, or 20.1%, over the fiscal 2013 working appropriation. The general fund support increases by $11.0 million, or 31.6%; the special fund support decreases by $0.1 million, or 9.5%; the federal fund support increases by $0.3 million, or 1.6%; and the reimbursable fund support increases by $0.2 million, or 28.3%. The increase in the general fund appropriation is primarily due to the opening of the new public health laboratory. However, after accounting for deficiency appropriations, the budget is increasing by only $5.5 million.

Exhibit 10
Proposed Budget
DHMH – Public Health Administration
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2013 Working Appropriation	$34,750	$1,042	$20,119	$624	$56,535
2014 Allowance	45,768	944	20,443	801	67,955
Amount Change	$11,018	-$99	$324	$176	$11,420
Percent Change	31.7%	-9.5%	1.6%	28.3%	20.2%
Contingent Reduction	-$44	$0	-$8	$0	-$52
Adjusted Change	$10,974	-$99	$316	$176	$11,368
Adjusted Percent Change	31.6%	-9.5%	1.6%	28.3%	20.1%

Where It Goes:

Personnel Expenses

Retirement contributions	$586
Employee and retiree health insurance	408
Annualized general salary increase	253
Miscellaneous adjustment	170
Workers' compensation premium assessment	98
Turnover adjustments	37
Overtime expenses	28
Position reclassification	25
Other fringe benefit adjustments	-7
Regular salaries	-70

Where It Goes:	
Office of the Chief Medical Examiner	
Electricity	102
GOCCP funding for an electronic records/paper management system	79
Equipment maintenance and repairs	48
Lease payments on laboratory equipment	34
Office of Preparedness and Response	
Preparedness Planning and Readiness Assessment (LHD allocation)	670
Software maintenance	170
Telecommunications	102
Maryland Bioterrorism Hospital Preparedness Program	-775
New Facility Costs for the Laboratories Administration	
Operating lease payment to MEDCO	6,198
Laboratory equipment for the new facility	1,524
Contractual services, including moving expenses	825
Fuel and utilities for the new facility	560
Insurance and licensure costs for new laboratory facility	67
Other Changes within the Laboratories Administration	
Additional laboratory equipment for environmental public health tracking	70
Laboratory supplies, medicine, drugs and chemicals	59
Software maintenance contracts for the Newborn and Childhood Screening Program	58
Motor vehicle purchase, including increased gas and maintenance costs	38
Other	28
Contractual employee expenses (0.5 FTE)	-17
Total	**$11,368**

DHMH: Department of Health and Mental Hygiene
FTE: full-time equivalent
GOCCP: Governor's Office of Crime Control and Prevention
LHD: Local health departments
MEDCO: Maryland Economic Development Corporation

Note: Numbers may not sum to total due to rounding.

Personnel Expenses

Personnel expenses for the Public Health Administration increase by $1.5 million over the fiscal 2013 working appropriation. The budget increases by $586,000 for retirement contributions. The contribution rate increases in fiscal 2014 due to the underattainment in investment returns,

adjustments in actuarial assumptions, and an increase in the reinvestment of savings achieved in the 2011 pension reform. Employee and retiree health insurance expenses increase by $408,000, and the annualization of the fiscal 2013 cost-of-living adjustment increases the budget by $253,000. The fiscal 2014 allowance also includes $170,000 in additional assistance for the Laboratories Administration. These funds are needed for the implementation of Chapter 267 of 2012. Among other things, Chapter 267 requires the Division of Drug Control to inspect the office of a dispensing practitioner at least two times within the duration of their five-year CDS permit.

Other increases to personnel expenses include workers' compensation ($98,000), decreased turnover ($37,000), and overtime expenses within the Laboratories Administration ($28,000). Additional funds are also needed for position reclassification within the Deputy Secretary for Public Health Services ($25,000). These increases are offset by decreases in other fringe benefits ($7,000) and regular salaries ($70,000) in the Deputy Secretary for Public Health Services Office.

Operating Expenses

Office of the Chief Medical Examiner

The fiscal 2014 allowance includes an additional $102,000 for electricity in OCME which more accurately reflects the fiscal 2012 actual costs. The budget also includes an additional $79,000 in reimbursable funds from the Governor's Office of Crime Control and Prevention (GOCCP) to purchase an electronic records/paper management system. This will allow OCME to efficiently archive and store records from cases. Funding for equipment service and maintenance contracts for water treatment; heating, ventilation, and air conditioning; elevator; and chiller maintenance increase by $48,000. Capital lease payments for new equipment also increase by $34,000. To purchase equipment for the new forensic medical facility, the agency entered into a five-year purchase agreement to acquire equipment such as gas chromatographs.

Office of Preparedness and Response

Funds for OPR increase by $0.2 million in fiscal 2014. However, after accounting for deficiency appropriations, federal funds are actually decreasing by $5.8 million. The fiscal 2014 allowance includes an additional $670,000 for preparedness planning and readiness assessments at LHDs. This project is funded under the CDC's Public Health Preparedness and Response for Bioterrorism Grant. These funds are used at the local level for direction, coordination, and assessment of activities to ensure State and local readiness. Funding for software maintenance also increases by $170,000 to support OPR's emergency resource management and patient software platform that is utilized by the State and its 24 LHDs. Finally, funding for telecommunications also increases by $102,000. These increases are offset by a $775,000 decrease in funding for the Maryland Bioterrorism Hospital Preparedness Program. This includes the removal of one-time funding to replace expired medications for the program, and decreased funding to acute care hospitals to improve medical surge capabilities.

Laboratories Administration

The fiscal 2014 allowance for the Laboratories Administration includes $6.2 million in capital lease payments between the State and the Maryland Economic Development Corporation (MEDCO) for the new public health laboratory. State-appropriated rent is the source of debt service on the MEDCO-issued bonds. Furthermore, the fiscal 2014 allowance only reflects a partial lease payment since the agency does not move into the new facility until May 2014. From fiscal 2015 to 2031, annual lease payments to MEDCO will increase to $14.0 million. Ultimately, total debt service on the new facility is $263.3 million. This includes $170.9 million toward principal and $92.4 million in interest payments.

It is important to note that lease payments do not include additional property management costs also paid to MEDCO. Among other things, property management costs include housekeeping, maintenance, landscaping, security, and other administrative fees. These costs also include payment in lieu of taxes (PILOT) since the site of the new facility is within a special taxing district. For fiscal 2014, these costs are estimated at $1.4 million; however, the Governor's allowance does not account for these expenditures.

The agency advises that property management costs were not included in the fiscal 2014 allowance since the move-in date may fluctuate based on construction. For instance, if the agency's move-in date is pushed back, property management expenses will decrease accordingly. The Laboratories Administration noted that it will request a deficiency appropriation during the 2014 legislative session to account for the unfunded property management expenditures in fiscal 2014.

Property management payments to MEDCO will increase to approximately $4.5 million in fiscal 2015 and beyond once operating costs related to the new facility are fully realized. Of this amount, $0.7 million is attributable to PILOT costs. Therefore, annual payments to MEDCO in fiscal 2015 and future years are estimated at $18.5 million, which accounts for $14.0 million in lease payments and $4.5 million in property management payments.

Moreover, the remaining changes to the Laboratories Administration budget that are related to the opening of the new public health laboratory facility include:

- laboratory equipment and equipment maintenance ($1.5 million);
- funding for contractual services, including moving expenses to relocate equipment ($0.8 million);
- fuel and utilities for the new facility ($0.6 million); and
- insurance and licensure fees ($67,000).

Other changes within the Laboratories Administration include additional laboratory equipment for environmental public health tracking ($70,000) and increased costs for laboratory supplies, medicine, drugs, and chemicals ($59,000). Software maintenance contracts for the Newborn and Childhood Screening Program increase the budget by $58,000. A motor vehicle purchase for the Division of Drug Control, including increased gas and maintenance costs also increase the budget by $38,000. Other adjustments decrease the budget for the Public Health Administration by $28,000. These increases are offset by a $17,000 reduction in funding for part-time contractual positions at the Laboratories Administration (0.5 FTE).

Issues

1. Public Health Preparedness

The Trust for America's Health, a nonprofit organization dedicated to disease prevention, issued its annual report *Ready or Not? Protecting the Public's Health from Disease, Disaster and Bioterrorism* in December 2012. The report assessed the readiness in each of the 50 states and the District of Columbia according to 10 key health indicators of public health emergency preparedness. This is the tenth consecutive year this report has been released; however, some indicators change from year to year.

The general findings from the 2012 report were that while there has been significant progress toward improving public health preparedness, there continue to be persistent gaps in the country's ability to respond to public health emergencies. Maryland, along with four other states, received the highest scores, each receiving 8 out of 10 possible points for its public health preparedness, whereas, the majority of states (35) received 6 or fewer possible points. Maryland received 1 point for achieving each of the following indicators:

- notifying and assembling public health staff (within the goal of 60 minutes) to ensure a quick response to an incident;
- requiring Medicaid to cover flu shots with no co-pays for beneficiaries under the age of 65;
- adopting a complete climate change adaptation plan;
- requiring all licensed child care facilities to have a multi-hazard written evacuation and relocation plan;
- obtaining accreditation from the Emergency Management Accreditation Program;
- participating in a Nurse Licensure Compact;
- ensuring that the public health laboratory has enough staffing capacity to work five 12-hour days for six to eight weeks; and
- maintaining or increasing the Laboratory Response Network for Chemical Threat capabilities.

Maryland lost one point for failing to meet the HHS goal of vaccinating 90% of 19- to 35-month olds against whooping cough. An additional point was lost for not increasing or maintaining the level of funding for public health services in the State from fiscal 2011 to 2012. Along with 29 other states, Maryland decreased public health services funding during this time period. In addition, Maryland was one of 14 states that reduced this funding for three consecutive

years. Nationally, the reductions taken from fiscal 2011 to 2012 ranged from 0.2% to 21.0%. Maryland's reduction during this time period was 1.3%. **Exhibit 11** shows the states, including Maryland, in which funding for public health decreased.

Exhibit 11
States Reducing Public Health Funding
Fiscal 2011-2012

State	Percent of Decrease	State	Percent of Decrease
Washington*	-0.2%	West Virginia*	-6.3%
Maryland**	**-1.3%**	Pennsylvania**	-6.7%
New Jersey**	-1.3%	Texas	-7.3%
Arkansas	-2.1%	Maine*	-7.7%
Illinois**	-2.5%	Ohio	-8.7%
Nebraska*	-2.5%	New Mexico**	-9.1%
Missouri**	-2.8%	Utah**	-9.5%
Kentucky*	-2.9%	Arizona**	-10.2%
Tennesee	-3.5%	Florida	-15.5%
Colorado**	-3.9%	Oregon**	-17.1%
Virginia**	-4.3%	New Hampshire*	-17.4%
Nevada**	-5.1%	Michigan	-18.4%
Rhode Island**	-5.6%	Louisiana	-19.3%
South Dakota*	-5.6%	Montana*	-21.0%
Kansas**	-6.0%		

*Budgets decreased for second year in a row.
**Budgets decreased for third year in a row.

Note: Public health is defined broadly to include all health spending with the exception of Medicaid, the State Children's Health Insurance Program, or comparable health coverage programs for low-income residents. Also not included were federal funds; funds for behavioral health; Women, Infants, and Children food program funds; services related to developmental disabilities or severely disabled persons; and State sponsored pharmaceutical programs. Furthermore, public health funding for Florida, Maryland, and Pennsylvania includes general funds only.

Source*: Trust for America's Health*

Ultimately, very few states, including Maryland, allocate funds directly for bioterrorism and public health preparedness as part of their public health budgets. Instead, most rely on federal funds to support these activities. Subsequently, funding for public health preparedness accounts for a small percentage of public health funding.

During the 2012 legislative interim, the Department of Legislative Services prepared a report titled *Survey of Local Health Departments in Maryland*. Among other things, the report examined the provision of local public health services in the State, including public health emergency preparedness. The survey revealed that for fiscal 2011, expenditures for public health emergency preparedness accounted for only 3% of total LHD expenditures. This percentage is likely to decrease in future years due to a decline in federal funding. For instance, after accounting for deficiency appropriations, federal funds for OPR are actually decreasing by $5.8 million in fiscal 2014. Of this amount, $4.2 million is appropriated for public health emergency preparedness. **The agency should comment on how reductions in federal funding for emergency preparedness have impacted the State. In addition, the agency should advise the committees on how decreased funding in fiscal 2014 will impact LHDs.**

Recommended Actions

1. Concur with Governor's allowance.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
DHMH – Public Health Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2012					
Legislative Appropriation	$29,442	$575	$21,118	$505	$51,640
Deficiency Appropriation	0	0	2,530	0	2,530
Budget Amendments	4,689	455	1,007	450	6,601
Reversions and Cancellations	0	-149	-2,376	-26	-2,550
Actual Expenditures	**$34,131**	**$881**	**$22,280**	**$929**	**$58,221**
Fiscal 2013					
Legislative Appropriation	$33,622	$918	$19,916	$624	**$55,079**
Budget Amendments	1,128	125	203	0	1,456
Working Appropriation	**$34,750**	**$1,042**	**$20,119**	**$624**	**$56,535**

Note: Numbers may not sum to total due to rounding.

Fiscal 2012

In fiscal 2012, the budget for Public Health Administration closed at $58.2 million, an increase of $6.6 million over the original fiscal 2012 legislative appropriation, primarily due to an increase in general funds.

Deficiency appropriations increased the fiscal 2012 budget by $2.5 million. Additional federal funds were needed in the OPR for emergency preparedness upgrades at Prince George's Hospital ($2,413,176); the purchase of an Inventory Management and Tracking System ($101,986); and Medical Reserve Corps activities ($15,000).

Budget amendments over the course of fiscal 2012 increased the budget of the Public Health Administration by approximately $6.6 million. The majority of this funding is related to one amendment which transferred the Vital Statistics Administration from the Office of the Secretary, into the Office of the Deputy Secretary for Public Health Services ($3,398,069 in general funds, $410,000 in special funds, $565,797 in federal funds, and $173,884 in reimbursable funds). General funds also increased to realign appropriations within DHMH from programs with surpluses to those with deficits ($1,177,006 general funds). These funds were needed to address overtime costs in OCME and to purchase additional supplies within the Laboratories Administration. Finally, the fiscal 2012 budget for the Department of Budget and Management (DBM) included centrally budgeted funds for the $750 one-time bonus for State employees. This resulted in the transfer of funds from DBM to the various agencies within the Public Health Administration ($210,415 general funds, and $37,929 in federal funds). These increases were offset by a decrease in general funds ($96,593) to realign DBM telecommunications expenditures within DHMH.

In the Office of the Deputy Secretary for Public Health Services, special funds increased to cover the cost of a contract with the University of Maryland to provide staff support for the State Health Improvement Process and the National Quality Improvement Demonstration Initiative for State Public Health Programs ($45,195). Furthermore, one amendment increased the federal fund appropriation for the Laboratories Administration by $0.4 million for equipment and laboratory supplies. Additional federal funds were available through the Centers for Disease Control and Prevention.

Budget amendments increased the reimbursable fund appropriation for the Public Health Administration by $450,000. This includes funds in the Office of the Deputy Secretary for Public Health Services in the Vital Records Unit to cover the cost of paternity affidavit services ($25,314). This also includes $91,493 in OPR for supplies and materials, as well as overtime costs associated with Hurricane Irene and Tropical Storm Lee. These funds are available through the Maryland Emergency Management Agency. The remaining reimbursable funds were needed in the Laboratories Administration for the following services:

- $17,548 from the Maryland Department of the Environment (MDE) to cover the cost of laboratory supplies for the Corsica River Watershed Project;

- $22,500 from MDE to cover the cost of equipment services and supplies for water testing;

- $21,000 from the Department of Juvenile Services for Measles, Mumps, Rubella, and Varicella testing; and

- $98,100 from the Department of Natural Resources for the Deep Creek Lake Water Quality Monitoring Program.

At the end of the year, approximately $149,000 of the special fund appropriation was cancelled due to less than anticipated collections from local health departments for laboratory tests. Furthermore, $2.4 million of the federal fund appropriation was cancelled due to lower than anticipated expenditures for public health emergency preparedness within OPR ($2.3 million) and decreased federal fund attainment for Food Safety Cooperative Agreement funding from the U.S. Department of Agriculture within the Laboratories Administration ($75,898). Finally, $26,000 of the reimbursable fund appropriation was cancelled due to decreased collections from the Department of Public Safety and Correctional Services and an inability to receive funds from GOCCP.

Fiscal 2013

The fiscal 2013 working appropriation is $56.5 million, an increase of $1.5 million over the original legislative appropriation. The fiscal 2013 budget for DBM included centrally budgeted funds for the 2013 cost-of-living adjustment for State employees. This resulted in the transfer of funds from DBM to the Public Health Administration ($124,804 in special funds and $36,049 in federal funds). One amendment increased the agency's appropriation to realign general and federal funds within DHMH due to increased federal fund indirect costs collections ($1,033,656 in general funds and $360,503 in federal funds). Federal funds increased by $206,447 to provide food testing services within the Laboratories Administration. Finally, one amendment implemented changes as a result of the public health reorganization at DHMH. These changes include:

- federal funds transferred from the Deputy Secretary for Public Health Services to the Health Systems and Infrastructure Administration to support the creation of this new agency ($400,039); and

- general funds transferred from the Family Health Administration, to the Deputy Secretary of Public Health Services ($94,155).

Object/Fund Difference Report
DHMH – Public Health Administration

Object/Fund	FY 12 Actual	FY 13 Working Appropriation	FY 14 Allowance	FY 13 - FY 14 Amount Change	Percent Change
Positions					
01 Regular	389.90	395.90	395.90	0.00	0%
02 Contractual	12.36	13.73	13.23	-0.50	-3.6%
Total Positions	**402.26**	**409.63**	**409.13**	**-0.50**	**-0.1%**
Objects					
01 Salaries and Wages	$ 29,885,892	$ 30,288,492	$ 31,867,391	$ 1,578,899	5.2%
02 Technical and Spec. Fees	795,735	783,464	773,790	-9,674	-1.2%
03 Communication	530,977	457,155	587,223	130,068	28.5%
04 Travel	104,452	108,226	118,828	10,602	9.8%
06 Fuel and Utilities	649,433	570,644	1,232,753	662,109	116.0%
07 Motor Vehicles	55,970	27,690	66,097	38,407	138.7%
08 Contractual Services	12,715,049	13,568,189	15,369,624	1,801,435	13.3%
09 Supplies and Materials	5,984,897	5,935,143	5,567,269	-367,874	-6.2%
10 Equipment – Replacement	262,681	11,812	65,259	53,447	452.5%
11 Equipment – Additional	2,139,294	199,800	1,687,499	1,487,699	744.6%
12 Grants, Subsidies, and Contributions	4,461,394	3,944,743	3,719,128	-225,615	-5.7%
13 Fixed Charges	635,685	639,649	6,899,986	6,260,337	978.7%
Total Objects	**$ 58,221,459**	**$ 56,535,007**	**$ 67,954,847**	**$ 11,419,840**	**20.2%**
Funds					
01 General Fund	$ 34,130,729	$ 34,749,941	$ 45,767,992	$ 11,018,051	31.7%
03 Special Fund	881,026	1,042,419	943,670	-98,749	-9.5%
05 Federal Fund	22,280,248	20,118,536	20,442,666	324,130	1.6%
09 Reimbursable Fund	929,456	624,111	800,519	176,408	28.3%
Total Funds	**$ 58,221,459**	**$ 56,535,007**	**$ 67,954,847**	**$ 11,419,840**	**20.2%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
DHMH – Public Health Administration

Program/Unit	FY 12 Actual	FY 13 Wrk Approp	FY 14 Allowance	Change	FY 13 - FY 14 % Change
01 Executive Direction	$ 5,921,750	$ 6,696,133	$ 6,807,278	$ 111,145	1.7%
01 Post Mortem Examining Services	10,506,593	10,442,132	11,174,925	732,793	7.0%
01 Office of Preparedness and Response	17,771,541	16,201,838	16,335,460	133,622	0.8%
01 Laboratory Services	24,021,575	23,194,904	33,637,184	10,442,280	45.0%
Total Expenditures	**$ 58,221,459**	**$ 56,535,007**	**$ 67,954,847**	**$ 11,419,840**	**20.2%**
General Fund	$ 34,130,729	$ 34,749,941	$ 45,767,992	$ 11,018,051	31.7%
Special Fund	881,026	1,042,419	943,670	-98,749	-9.5%
Federal Fund	22,280,248	20,118,536	20,442,666	324,130	1.6%
Total Appropriations	**$ 57,292,003**	**$ 55,910,896**	**$ 67,154,328**	**$ 11,243,432**	**20.1%**
Reimbursable Fund	$ 929,456	$ 624,111	$ 800,519	$ 176,408	28.3%
Total Funds	**$ 58,221,459**	**$ 56,535,007**	**$ 67,954,847**	**$ 11,419,840**	**20.2%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.